

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

LIBERTY MUTUAL INSURANCE CO.
Petitioner

v.

PROGRESSIVE CASUALTY INSURANCE CO.
Patent Owner

Case CBM2012-00011 (JL)
U.S. Patent No. 7,124,088

Before JAMESON LEE, JONI Y. CHANG, and MICHAEL R. ZECHER,
Administrative Patent Judges.

ZECHER, *Administrative Patent Judge*

DECISION
Institution of Covered Business Method Review
37 C.F.R. § 42.208

I. STATEMENT OF THE CASE

On September 28, 2012, Liberty Mutual Insurance Company (“Liberty”) filed a petition (“Pet.”) requesting review under the transitional program for covered business method patents of U.S. Patent 7,124,088 (“the ’088 patent”)(Ex. 1001). Paper No. 1. Patent owner, Progressive Casualty Insurance Company (“Progressive”), filed a preliminary response (Prelim. Resp.) on January 2, 2013. Paper No. 9. We have jurisdiction under 35 U.S.C. § 324.

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a), which provides:

THRESHOLD –The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

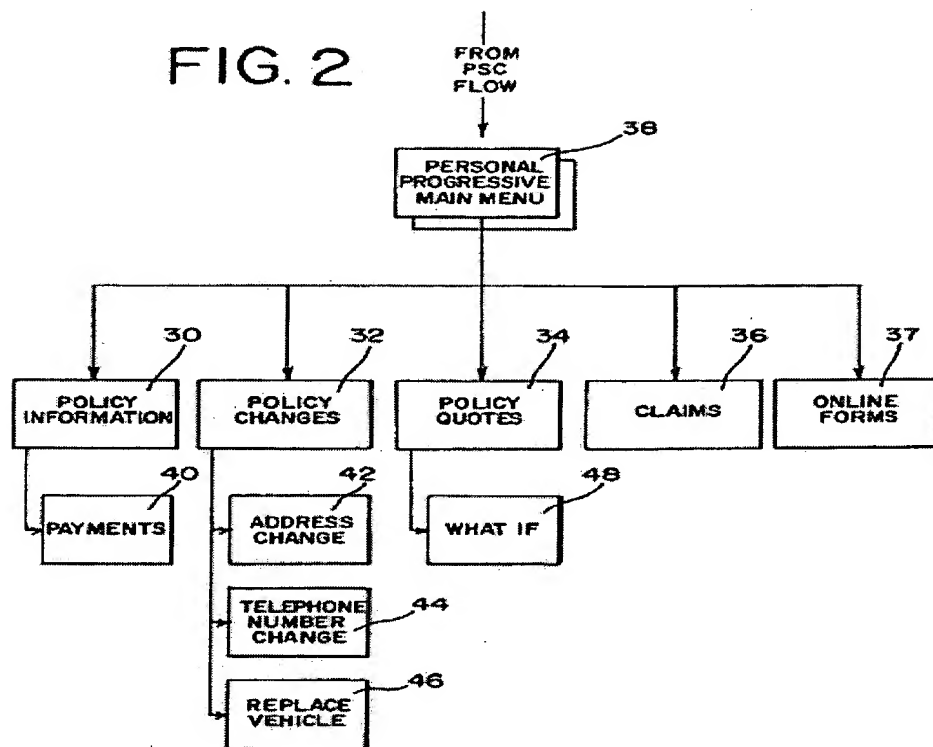
Liberty challenges claims 1-46 of the ’088 patent under 35 U.S.C. §§ 102 and 103 as being unpatentable. Pet. at 15-78. Taking into account Progressive’s preliminary response, we conclude that the information presented in the petition does not demonstrate that it is more likely than not that claims 1-46 are unpatentable. Pursuant to 35 U.S.C. § 324 and section 18(a) of the Leahy-Smith America Invents Act (“AIA”), we do not authorize a covered business method patent review to be instituted as to claim 1-46 for the grounds of unpatentability asserted in Liberty’s petition.

Accordingly, the petition is DENIED.

A. The Invention of the '088 Patent

The invention of the '088 patent generally relates to an insurance data communication and processing system. Ex. 1001, spec. 1:6-14. In particular, the insurance data processing system allows a policyholder to access, view, and update insurance policy information via the Internet. Ex. 1001, spec. 2:58-61. After the policyholder is authenticated, the system retrieves and displays the information requested by the policyholder. Ex. 1001, spec. 2:62-65. The system employs a friendly user-interface that guides the policyholder through various activities. Ex. 1001, spec. 2:65-67. Those activities include, but are not limited to: (1) reviewing billing information; (2) making a payment via a credit card or on-line check; (3) reviewing policy information; (4) reviewing state specific contract information (5) quoting and endorsement for vehicle replacement; (6) making address changes; and (7) reviewing claim information. Ex. 1001, spec. 2:67-3:4. The system displays both the premium amount and variance, and updates the file of the policyholder at their request without the need for personal handling by an individual representative of the insurer or an independent agent. Ex. 1001, spec. 3:4-8.

Figure 2, which is reproduced below, illustrates a block diagram that identifies the principal processing modules of the insurance data processing system. Ex. 1001, spec. 2:43-44.



The insurance data processing system illustrated in Figure 2 is segregated into four critical areas of content: (1) policy information 30; (2) policy changes 32; (3) policy quotes 34; and (4) claims information 36. Ex. 1001, spec. 5:41-47. A prospective user can navigate to each module from the Personal Progressive main menu 38 by accessing web pages that specifically are designed to guide the policyholder to the desired information via clicks on alternative query marks or via input of necessary information. Ex. 1001, spec. 5:47-52. Figure 2 also illustrates another module 37 that provides the policyholder with the ability to acquire on-line forms that typically include duplicate insurance forms, such as identification cards and declaration page sets. Ex. 1001, spec. 5:57-60.

B. Illustrative Claim

Claim 1 is the only independent claim and, therefore, is illustrative:

1. An on-line insurance policy service system comprising:

a web browser for accessing remote insurance information by an insurance policyholder and software linked to the remote insurance information;

a publicly accessible distributed network for transferring data from the web browser;

an information module, remote from the web browser coupled to the publicly accessible distributed network, that identifies the insurance policyholder and verifies an insurance policy parameter of an existing insurance policy of the insurance policyholder in real-time in response to first data received from the insurance policyholder through the publicly accessible distributed network and the web browser;

where the first data comprises a personal security code that allows access to insurance policy parameters of the insurance policyholder;

an insurance policy adjustment module, remote from the web browser coupled to the publicly accessible distributed network, that adjusts the insurance policyholder's insurance policy parameter in real-time in response to second data received from the insurance policyholder through the publicly accessible distributed network and the web browser,

where the second data comprises a selection of the insurance policy parameter;

where the insurance policy adjustment module provides an acknowledgement to the web browser in response to the adjustment of the selected insurance policy parameter within

the existing insurance policy, and implements the adjustment to the existing insurance policy; and

where an insurer's computer generates an insurance document customized to the insurance policyholder as identified by the personal security code and sends the customized insurance document to the web browser in response to the second data received from the insurance policyholder through the publicly accessible distributed network and the web browser.

Ex. 1001, claims—spec. 9:6-44 (emphasis added).

C. Standing

Section 18 of the AIA governs the transitional program for covered business method patent review. Section 18(a)(1)(B) of the AIA limits such reviews to persons or their privies that have been sued or charged with infringement of a covered business method patent.

Liberty indicates that the '088 patent was asserted against it in *Progressive Cas. Ins. Co. v. Allstate Ins. Co. et al.*, Case No. 1:11-cv-00082, which is currently pending in the U.S. District Court for the Northern District of Ohio. Pet. at 5. Progressive does not dispute that it asserted the '088 patent against Liberty.

D. Covered Business Method Patent

1. Principles of Law

Under section 18(a)(1)(E) of the AIA, the Board may institute a transitional proceeding only for a patent that is a covered business method

patent. Section 18(d)(1) of the AIA defines the term “covered business method patent” to mean:

a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

Pursuant to that Section 18(d)(2) of the AIA, the Office promulgated 37 C.F.R. § 42.301(b) to define the term “technological invention” for the purposes of the transitional program for covered business method patents review. In determining whether a patent is for a technological invention, the following shall be considered (37 C.F.R. § 42.301(b)):

whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

2. Contentions

In the petition, Liberty contends that the claimed invention of the '088 patent is not a “technological invention” because it does not satisfy the aforementioned definition. Pet. at 3-5. In particular, Liberty argues that the claims of the '088 patent do not recite a technological feature that is novel and unobvious because the claims are directed to performing ordinary insurance policy services over the Internet using conventional techniques. *Id.* at 4 (citing to Ex. 1001, Abstract). Moreover, Liberty argues that the subject matter as whole does not solve a technological problem because the claimed system simply modifies an insurance policy by changing policy parameters. *Id.* at 4-5 (citing to Ex. 1001, independent claim 1). Liberty

asserts that the invention of the '088 patent amounts to nothing more than managing and updating an insurance policy by communicating over the Internet. *Id.* at 5 (citing to Ex. 1001, class 705/4).

In response, Progressive contends that the claims of the '088 patent recite a novel and unobvious technical feature. Prelim. Resp. at 10-13. Progressive argues that Liberty's discussion regarding the written description of the '088 patent, class 705, and their declarations do not address whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. *Id.* at 11-12. Progressive also argues that Liberty's own claim construction indicates that the invention of the '088 patent is directed to specific technological features—namely software that implements the functions associated with each of the claimed modules that enable real-time processing. *Id.* at 12.

In addition, Progressive contends that the invention of the '088 patent solves a technical problem using a technical solution. Prelim. Resp. at 13-16. Progressive alleges that the system of the '088 patent provides a technical solution to the technical problem of providing insurance services without the assistance of an insurer, agent, or representative. *Id.* at 15. Progressive asserts that the '088 patent solves that problem by providing insurance policyholders direct electronic access to their insurance provider's system, thereby allowing individual policyholders to adjust their insurance policies and interactively effect changes to those policies in real-time with the proper technical safeguards. *Id.* at 15-16.

3: *Analysis*

To help the public better understand how the definition of a technological invention under 37 C.F.R. § 42.301(b) would be applied in practice, the Office Trial Practice Guide provides the following guidance as to claim drafting techniques that would typically not render a patent a technological invention:

(a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer readable storage medium, scanners, display devices, or databases, or specialized machines, such as ATM or point of sale device.

(b) Reciting the use of known prior art technology to accomplish a process or method, even if the process or method is novel and non-obvious.

(c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

77 *Fed. Reg.* 157 (Aug. 14, 2012) at 48763-64.

As the presence of a single claim is sufficient to institute a covered business method patent review, we begin our analysis by looking at independent claim 1. Independent claim 1 recites “[a]n online insurance policy service system comprising,” *inter alia*, “a web browser,” “a publicly accessible distributed network,” “an information module,” “an insurance policy adjustment module,” and “an insurer’s computer.” With respect to the claimed “information module” and “insurance policy adjustment module,” the ’088 patent equates those modules to software modules that perform a specified function. *See, e.g.*, Ex. 1001, “software modules”

disclosed in the Abstract; *see also* “software linked to remote insurance information” recited in independent claim 1. That claim construction appears consistent with the positions taken by both Liberty and Progressive. Pet. at 6 and 14; Prelim. Resp. at 10, 12, and 14-15.

Based on the guidance noted above, the mere recitation of known technologies—namely a web browser, a communications network, various software modules, and a computer—does not render the claimed subject matter recited in independent claim 1 a technological invention. In other words, contrary to Progressive’s arguments, all of the aforementioned claim elements together, except the insurance nature of the data being processed, amount to nothing more than the combination of known prior art technologies used in their ordinary and predictable manner. In addition, it appears that the patentability of the invention in the ’088 patent is not based on the mere combination of a web browser, a communications network, software modules, and a computer, but instead on the insurance nature of the data being processed. Therefore, we conclude that independent claim 1 lacks a novel and unobvious technological feature.

Moreover, the invention in the ’088 patent overcomes the cost and service problems associated with an insurance company’s representative or independent agent communicating with an insurance policyholder regarding their service requests. Ex. 1001, spec. 1:36-45. According to Progressive, the claims of the ’088 patent allegedly solves those problems by providing insurance policyholders direct electronic access to their insurance provider’s system, thereby allowing individual policyholders to adjust their insurance

policies and interactively effect change to those policies in real-time with the proper technical safeguards. Prelim. Resp. at 15-16. However, addressing a policyholder's service requests using an on-line, automated insurance data processing system solves a financial problem rather than a technical problem, *i.e.*, it reduces the administration or personnel costs associated with handling an insurance service request. Progressive does not assert that at the time of the invention in the '088 patent, "real-time" computer data processing, in general, via a web browser and a communications network was either unknown or unachievable. Therefore, we conclude that the claimed subject matter recited in independent claim 1 does not solve a technical problem using a technical solution.

For the foregoing reasons, the subject matter of independent claim 1 as a whole is not a technological invention under 37 C.F.R. § 42.301(b). Accordingly, the '088 patent is eligible for covered business method patent review.

E. Prior Art Relied Upon

Liberty relies upon the following prior art references:

Tawil	US 5,225,976	July 6, 1993	Ex. 1007
Chelliah	US 5,710,887	Jan. 20, 1998	Ex. 1006
Peterson	US 5,903,873	May 11, 1999	Ex. 1004

F. Alleged Grounds of Unpatentability

Liberty seeks review of claims 1-46 of the '088 patent based on the following alleged grounds of unpatentability:

1. claims 1-3, 12, 13, 19-32, 34-42, and 44-46 as anticipated under 35 U.S.C. § 102 by Peterson (Pet. at 15-49);
2. claims 1-46 as unpatentable under 35 U.S.C. § 103(a) over Peterson (*id.* at 49-65);
3. claims 4-18, 44, and 46 as unpatentable under 35 U.S.C. § 103(a) over the combination of Peterson and Chelliah (*id.* at 65-74);
4. claims 25, 26, and 44-46 as unpatentable under U.S.C. § 103(a) over the combination of Peterson and Tawil (*id.* at 75-77); and
5. claims 44 and 46 as unpatentable under 35 U.S.C. § 103(a) over the combination of Peterson, Chelliah, and Tawil. *Id.* at 78.

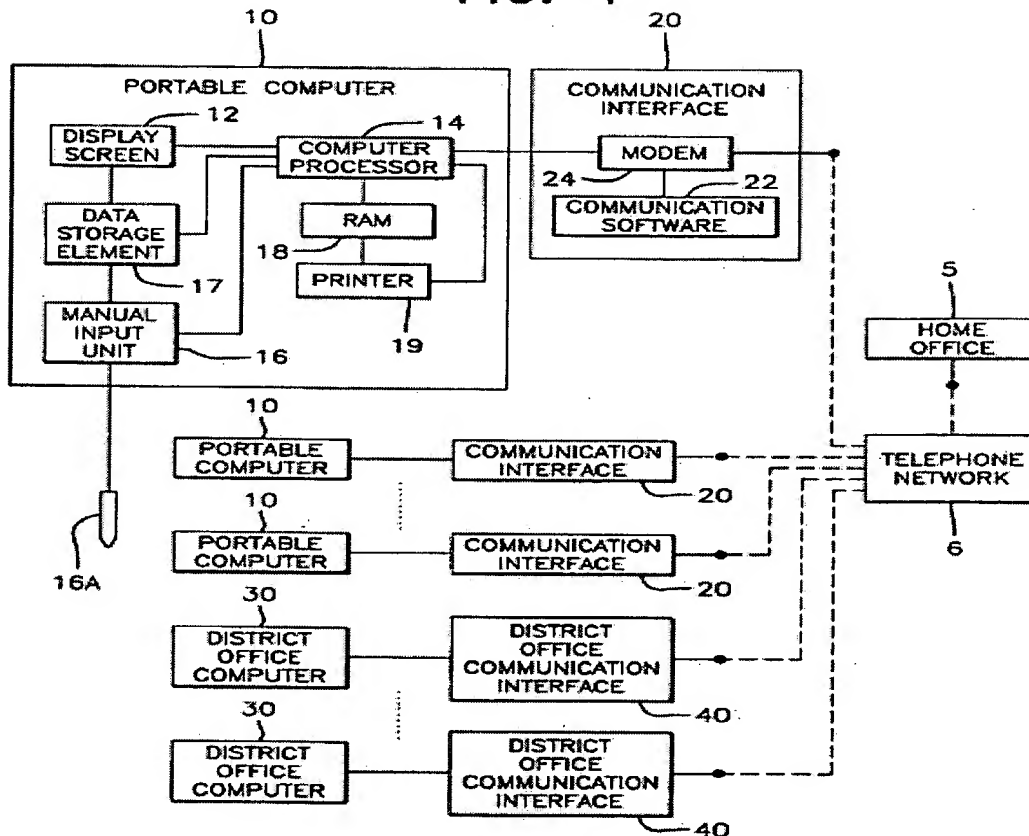
II. FINDINGS OF FACT

The following findings of facts are supported by a preponderance of the evidence.

A. Peterson

1. Peterson discloses a system that registers insurance transactions and communicates such transactions to the home office computer of an insurance company. Ex. 1004, spec. 1:6-9. Figure 1 of Peterson, which is reproduced below, illustrates the system. Ex. 1004, spec. 6:7-10.

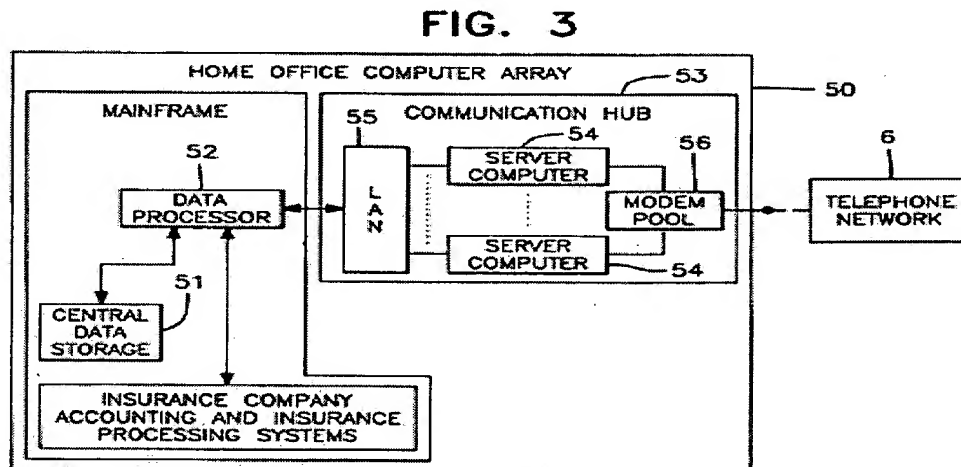
FIG. 1



The system illustrated in Peterson's Figure 1 includes a home office 5, at least one portable computer 10, and a communication interface 20. Ex. 1004, spec. 7:50-54. Peterson discloses that each portable computer 10 includes a display screen 12, a computer processor 14, a manual input unit 16, and a data storage element 17 that stores insurance information pertaining to a plurality of insurance customers. Ex. 1004, spec. 7:59-62. Peterson discloses that the communication interface 20 includes communication software 22 and a modem 24. Ex. 1004, spec. 9:11-13. In particular, Peterson discloses that the communication software 22 includes a

commercially available package of communication software known as *RemoteWare®* by XcelleNet. Ex. 1004, spec. 9:13-16 (emphasis added).

2. Figure 3 of Peterson, which is reproduced below, illustrates a block diagram of a home office computer. Ex. 1004, spec. 6:14-15.

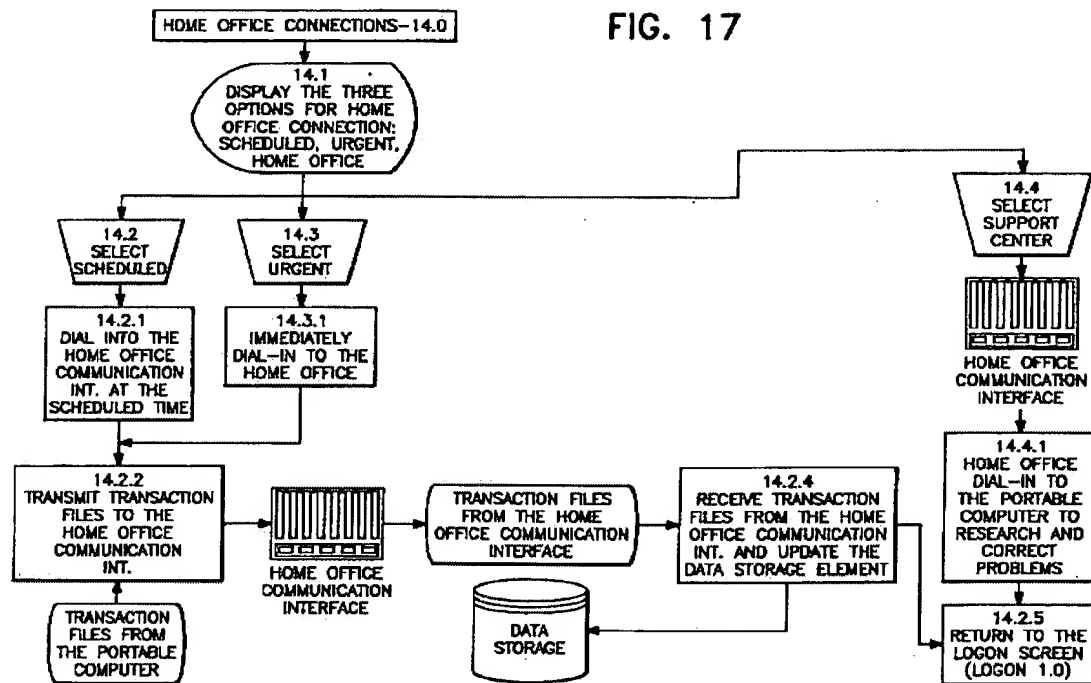


The home office computer illustrated in Peterson's Figure 3 contains a home office computer array 50, which includes a central data storage element 51, a data processor 52, and a communication hub 53. Ex. 1004, spec. 11:22-25. Peterson discloses that the communication hub 53 may be configured to include a plurality of server computers 54, each of which has a keyboard, display screen, memory, data storage, a local area network 55 linking the server computers 54 to the data processor 52, and a modem pool connecting the server computers 54 to the telephone network 6. Ex. 1004, spec. 12:12-20. In particular, Peterson discloses that the server computers 54 utilize *RemoteWare®* software by XcelleNet. Ex. 1004, spec. 12:21-24 (emphasis added).

4. In a preferred embodiment, Peterson discloses transmitting agent transaction information from the second group of storage tables stored in the data storage element 17 of the portable computer 10 to the home office computer 5 on a nightly basis. Ex. 1004, Spec. 12:31-35. Likewise, Peterson discloses transmitting the district office transaction information to the home office 5 on a nightly basis. Ex. 1004, spec. 12:35-38. Peterson discloses that the home office computer array 50 compiles both the updated insurance information and the district-specific updated insurance information derived from the nightly transmissions the following day. Ex. 1004, spec. 12:39-43.

5. Figure 17 of Peterson illustrates a sequence of events that occur in a Home Office Connection mode. Ex. 1004, spec. 6:62-64.

FIG. 17



Referring to Figure 17 of Peterson, if an insurance agent selects the scheduled type of home office connection (step 14.2), the portable computer 10 dials the home office 5 via the communication interface 20 at a scheduled time overnight (step 14.2.1). Ex. 1004, spec. 33:10-14. Upon establishing a connection with the home office 5, Peterson discloses that the portable computer 10 transmits to the home office computer array 50 a collection of transaction files preferably accumulated throughout one day (step 14.2.2). Ex. 1004, spec. 33:14-20. Next, Peterson discloses that the home office computer array 50 generates and transmits transaction files to the portable computer 10 (step 14.2.4), and stores/updates the first group of storage

tables in the data storage element 17 using the updated insurance information from the home office 5. Ex. 1004, spec. 33:21-27.

Alternatively, if the insurance agent selects the urgent type of home office connection (step 14.3), the portable computer 10 immediately dials up the home office computer array 50 (step 14.3.1) without waiting for the scheduled time. Ex. 1004, spec. 33:30-34. According to Peterson, the rest of the home office connection proceeds in the same way as when the home connection is made in the scheduled manner. Ex. 1004, spec. 33:34-36.

B. The RemoteWare® Press Release

6. The RemoteWare® press release is relied upon by Liberty as extrinsic evidence to establish that certain claim features are necessarily present in the RemoteWare® communications software package referred to in Peterson. The RemoteWare® press release is an announcement by XcelleNet, Inc. concerning the general commercial availability of version 3.1 of the RemoteWare® software package. Ex. 1005, pg. 1.¹ According to the RemoteWare® press release, version 3.1 of the RemoteWare® software package adds full messaging support, subscription and publishing services, and accessibility from within a web browser. *Id.* The RemoteWare® press release also discloses that version 3.1 of the RemoteWare® software package lets remote users connect to the enterprise through an Internet browser while it updates applications, exchanges files and electronic mail, replicates databases, and updates price lists and other sales or marketing

¹ All references to the page numbers in the RemoteWare® press release are to the page numbers located in the top, right-hand corner of each page.

information. *Id.* The RemoteWare® press release further discloses that the Client Control aspect of version 3.1 of the RemoteWare® software package allows users to initiate a RemoteWare® communications session from within a webpage. Ex. 1005, pg. 2.

III. CLAIM CONSTRUCTION

During a covered business method patent review, the Board construes claims by applying the broadest reasonable interpretation in light of the specification. 37 C.F.R. § 42.300(b). If the specification does not set forth an explicit or special definition for a claim term, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005) (*en banc*). In some cases, the ordinary and customary meaning of a claim term as would be understood by one with ordinary skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words. *See id.* at 1314.

Liberty has identified seven claim terms and its claim construction for those terms. Pet. at 13-15. Those claim terms are listed as follows: (A) “accessing remote insurance information by an insurance policyholder;” (B) “information module,” “insurance policy adjustment module,” “payment module,” “payment enablement module,” “claims information module,” and “policy quote(s) module;” (C) “insurance policy parameter;” (D) “real-time;” (E) “personal security code;” (F) “adjustment;” and (G) “insurance

document.” *Id.* As a first step to determine whether to institute a covered business method patent review, we will address each claim term identified by Liberty in turn.

A. “*Accessing remote insurance information by an insurance policyholder*”

Liberty construes the claim phrase “accessing remote insurance information by an insurance policyholder” to mean that an insurance policyholder or someone acting on his or her behalf accesses insurance information located elsewhere. Pet. at 13. Liberty contends that the specification of the ’088 patent does not limit that claim phrase to direct access by a policyholder. *Id.* at 14. In response, Progressive contends that Liberty’s claim construction with respect to the claim term “insurance policyholder” is unreasonable. Prelim. Resp. at 20-21. Progressive argues that throughout the specification, the claim term “insurance policyholder” describes a person who holds ownership in an existing insurance policy rather than a person, such as an insurance agent or other insurance company personnel, acting on behalf of the insurance policyholder. *Id.* at 22-23 (citing to Ex. 1001, Abstract; spec. 1:41-53, 2:62-65, and 3:4-8). Moreover, Progressive alleges that the use of the claim term “an insurance policyholder” throughout the specification is consistent with its common understanding in the insurance industry. *Id.* at 23. Progressive directs us to a dictionary of insurance terms that defines a “policyholder” as an “individual or other entity who owns an insurance policy” and “synonymous

with policyowner.” *Id.* (citing to Ex. 2007, Harvey W. Rubin, Dictionary of Insurance Terms, 3rd ed. (1995)).

Upon reviewing the specification, we do not find an explicit or special definition for the claim term “insurance policyholder.” Therefore, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips*, 415 F.3d at 1312. We agree that the dictionary definition offered by Progressive amounts to the broadest reasonable interpretation of the claim term “insurance policyholder.” However, the claim phrase “*accessing* remote insurance information *by* an insurance policyholder” (emphasis added) does not require the insurance policyholder to personally access the insurance information and, therefore, should not be construed so narrowly to preclude someone acting on the insurance policyholder’s behalf. We can find nothing in the specification indicating that access by an insurance policyholder is limited only to direct access by the insurance policyholder and excludes indirect access through someone acting on behalf of the insurance policyholder.

While we agree with Progressive that the claim term an “insurance policyholder” by itself constitutes a person who owns an existing insurance policy rather than someone acting on his or her behalf (Prelim. Resp. at 22-23), the key issue here centers on the entire claim phrase “accessing remote insurance information by an insurance policyholder.” Progressive identifies two statements in the specification that purportedly support its view that access by an insurance policyholder must mean direct access by the

insurance policyholder without someone acting on his or her behalf. *Id.* In one, the specification of the '088 patent states that:

[t]he present invention contemplates a new and improved insurance policy service and delivery system for communicating changes in policy parameters to an insurer via an Internet on-line automated system, thereby obviating representative or agent personal involvement in the interfacing and communicating of policy parameter changes, policy changes and associated charge adjustments between the customer and the insurer.

Ex. 1001, spec. 1:45-53. In the other, the specification of the '088 patent states that “[a]ny way the insurer can reduce personnel involvement in addressing policyholder services is a way that can improve efficiency and reduce costs—costs that can be eliminated to result in lower rates to a consumer buying the insurance.” Ex. 1001, spec. 1:41-45. However, those statements are inapposite because they pertain to allowing direct access by an insurance policyholder without personnel involvement from the insurer and do not prohibit indirect access through someone acting on behalf of the insurance policyholder, *e.g.*, an adult child acting on behalf of an elderly parent.

B. “Information module,” “insurance policy adjustment module,” “payment module,” “payment enablement module,” “claims information module,” and “policy quote(s) module”

Liberty construes those claim terms to mean software associated with the functions as named for each “module” in the corresponding claims. Pet. at 14 (citing to Ex. 1001, Abstract; spec. 3:24-28, 5:44-49). Progressive

does not challenge Liberty's claim construction with respect to those claim terms. Because Liberty's claim construction is consistent with the specification of the '088 patent, we agree with Liberty's claim construction.

C. "Insurance policy parameter"

Liberty construes the claim term "insurance policy parameter" to mean any information relating to an insurance policy. Pet. at 14 (citing to Ex. 1001, spec. 2:11-17, 3:31-4:42). Progressive does not challenge Liberty's claim construction with respect to that claim term. Because Liberty's claim construction is consistent with the specification of the '088 patent, we agree with Liberty's claim construction.

D. "Real-time"

Liberty construes the claim term "real-time" to mean at the same or substantially the same time. Pet. at 14-15 (citing to Ex. 1001, spec. 1:57-2:5, 2:58-3:23). In response, Progressive contends that Liberty's proposed claim construction is unreasonable because "substantially" is a relative term that does not provide a standard for measuring degree or scope. Prelim. Resp. at 23. Moreover, Progressive argues that Liberty does not identify an explicit or special definition for the claim term "real-time" in the intrinsic record and, therefore, Liberty has not overcome the presumption that the claim term "real-time" takes on its ordinary and customary meaning. *Id.* at 24.

Upon reviewing the specification, we do not find an explicit or special definition for the claim term "real-time." Therefore, we resort to its ordinary and customary meaning as would be understood by one with ordinary skill in the art. *See Phillips*, 415 F.3d at 1312. Accordingly, we construe the

claim term “real-time” as “pertaining to a system or mode of operation in which computation is performed during the actual time that an external process occurs, in order that the computation results can be used to control, monitor, or respond in a timely manner to the external process. *Contrast:* batch. *See also:* conversational; interactive; interrupt; on-line.” The IEEE Standard Dictionary of Electrical and Electronics Terms, 6th ed. (1996).

E. “Personal Security Code”

Liberty construes the claim term “personal security code” to mean data personal to a user that provides secure access to information. Pet. at 15 (citing to Ex. 1001, spec. 3:8-11, 5:11-43). In response, Progressive contends that the Liberty’s proposed claim construction is unreasonable to the extent that the code is personal to a user other than the insurance policyholder. Prelim. Resp. at 23. However, we note that Liberty’s proposed claim construction does not include data that is personal to a user other than the insurance policyholder. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

F. “Adjustment”

Liberty construes the claim term “adjustment” to mean any change, modification, or update. Pet. at 15 (citing to Ex. 1001, spec. 1:60-2:5, 7:60-8:19). Progressive does not challenge Liberty’s claim construction with respect to that claim term. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

G. “Insurance document”

Liberty construes the claim term “insurance document” to mean any document related to an insurance policy. Pet. at 15 (citing to Ex. 1001, independent claim 1). Progressive does not challenge Liberty’s claim construction with respect to that claim term. Because Liberty’s claim construction is consistent with the specification of the ’088 patent, we agree with Liberty’s claim construction.

V. ANALYSIS

A. 35 U.S.C. § 102 Ground of Unpatentability—Claims 1-3, 12, 13, 19-32, 34-42, and 44-46 as Anticipated by Peterson

1. Principles of Law

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987).

To serve as an anticipation when the reference is silent about the asserted inherent characteristic, such gap in the reference may be filled with recourse to extrinsic evidence. Such evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill.

Continental Can Co. USA, Inc. v. Monsanto Co., 948 F.2d 1264, 1268 (Fed. Cir. 1991). “Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set

of circumstances is not sufficient.” *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999) (citations and internal quotation marks omitted).

2. Introduction

In the petition, all five grounds of unpatentability alleged by Liberty are based in whole or in part on Peterson. Peterson does not expressly describe all the claim features recited in the '088 patent. Consequently, Liberty relies upon the RemoteWare® press release as extrinsic evidence to establish that certain claim features are inherently disclosed in Peterson. Pet. at 19-31. The RemoteWare® press release issued on October 7, 1996. Ex. 1005, pg. 1. The RemoteWare® press release is an announcement by XcelleNet, Inc. concerning the general commercial availability of RemoteWare® version 3.1 software. *Id.* Liberty relies upon the description of RemoteWare® version 3.1 software in the RemoteWare® press release to show what must be necessarily present in Peterson.

3. Contentions

Liberty contends that claims 1-3, 12, 13, 19-32, 34-42, and 44-46 are anticipated by Peterson. Pet. at 15-49. In particular, Liberty relies upon the description of RemoteWare® version 3.1 software in the RemoteWare® press release to confirm the inherent features of Peterson—namely a web browser, the Internet, and webpages. *Id.* at 19. Based on that reliance, Liberty argues that Peterson describes the claimed subject matter recited in claims 1-3, 12, 13, 19-32, 34-42, and 44-46. *Id.* at 19-49.

In response, Progressive contends that Liberty fails to demonstrate that claims 1-3, 12, 13, 19-32, 34-42, and 44-46 are anticipated by Peterson.

Prelim. Resp. at 25-41. In particular, Progressive argues that the description of RemoteWare® version 3.1 software in the RemoteWare® press release cannot be used as extrinsic evidence to confirm the inherent features of Peterson in order to establish an anticipation rejection. *Id.* at 26-29.

Progressive indicates that Peterson was filed on May 31, 1996, whereas the RemoteWare® press release was not publicly available before October 7, 1996. *Id.* at 27-28. Given the four month gap between May 31, 1996, and October 7, 1996, Progressive asserts that the RemoteWare® version 3.1 software described in the RemoteWare® press release could have been conceived and developed after Peterson was filed and, therefore, the contents of the RemoteWare® press release cannot be relied upon as a description of any RemoteWare® software referred to in Peterson. *Id.* at 28.

Further, Progressive contends that Peterson fails to disclose “*an insurance policy adjustment module, remote from the web browser coupled to the publicly accessible distributed network, that adjusts the insurance policyholder’s insurance policy parameter in real-time in response to second data received from the insurance policyholder through the publicly accessible distributed network and the web browser,*” as recited in independent claim 1. Prelim. Resp. at 30 (emphasis added). In particular, Progressive argues that the only difference between Peterson’s normal scheduled connection option and the “urgent type” connection option is how the connection is initiated between the portable computer and the home office. *Id.* at 32 (citing to Ex. 1004, spec. 33:29-36.) Progressive alleges that the rest of the “urgent type” connection option does not include any

real-time insurance parameter adjustments at the home office while the portable computer is connected to the home office for the initial upload. *Id.* at 33. Instead, Progressive asserts that the home office computer batch processes the data uploaded during the “urgent type” connection option the next day, and then returns the updated data back to the portable computer the next night. *Id.* (citing to Ex. 1004, spec. 1:66-2:8, 12:30-49). We are persuaded by Progressive’s arguments.

4. Analysis

We begin our analysis by determining if Liberty properly relies on the RemoteWare® press release to support its assertion that features of the RemoteWare® version 3.1 software described in the press release are inherently disclosed in Peterson. Peterson discloses that the communication interface associated with the portable computer includes communication software such as RemoteWare®. Ex. 1004, spec. 9:11-17. Peterson also discloses that each of the server computers contained within the home office computer array use RemoteWare® software. Ex. 1004, spec. 12:21-24. As set forth in the Introduction section, the RemoteWare® press release announces the commercial availability of version 3.1 of the RemoteWare® software package. Ex. 1005, pg. 1. According to the RemoteWare® press release, version 3.1 of the RemoteWare® software package adds accessibility from within a web browser, lets remote users connect to the enterprise via an Internet browser, and allows prospective users to initiate communications sessions from within a webpage. Ex. 1005, pgs. 1-2. Based on the cited disclosures in the RemoteWare® press release describing

version 3.1 of the RemoteWare® software package, Liberty asserts that the RemoteWare® software referred to in Peterson necessarily includes a web browser, the Internet, and webpages. Pet. at 19.

However, Liberty does not provide any persuasive evidence or technical reasoning indicating that the use of a web browser, the Internet, and webpages in the RemoteWare® version 3.1 software are necessarily present in the RemoteWare® software referred to in Peterson. Peterson only refers to RemoteWare® software generally and not to RemoteWare® version 3.1 software specifically. *See* Ex. 1004, spec. 9:11-17; 12:21-24. Liberty has not shown that the RemoteWare® software referred to in Peterson is the same version of RemoteWare® software referred to in the RemoteWare® press release, *i.e.*, RemoteWare® version 3.1 software. The likelihood that the RemoteWare® software referred to in Peterson may be an earlier version of RemoteWare® software other than version 3.1 undermines Liberty's position on inherent disclosure in Peterson. *See Robertson*, 169 F.3d at 745. Therefore, we are not persuaded by Liberty's argument that features of the RemoteWare® version 3.1 software described in the RemoteWare® press release are necessarily present in the RemoteWare® software referred to in Peterson.

Second, we determine whether Liberty's reliance on Peterson properly accounts for the claimed "insurance policy adjustment module" feature and corresponding "real-time" adjustment aspect required by independent claim 1. Pet. at 27-28. Figure 1 of Peterson illustrates a system that registers insurance transactions and communicates such transactions to the home

office computer of an insurance company. Ex. 1004, spec. 6:7-10. Peterson discloses that the system includes a home office and at least one portable computer. Ex. 1004, spec. 7:50-54. Figure 17 of Peterson illustrates that the portable computer can select from three different types of home office connections, two of those options are: (1) scheduled; and (2) urgent. Ex. 1004, spec. 33:4-9. Peterson discloses that during the urgent type connection option, the portable computer immediately establishes a connection with the home office computer without waiting for the scheduled time. Ex. 1004, spec. 33:30-34.

Based on the aforementioned disclosure in Peterson, Liberty takes the position that the entire urgent type connection option occurs in real-time. Pet. at 28 (citing to Ex. 1008, Klausner Dec. ¶¶ 16, 28-30, 35-38). However, Liberty does not direct us to a specific disclosure in Peterson that expressly describes the adjustment and processing steps that occur during the latter half of the urgent type connection option. Liberty's stated position also fails to address Peterson's disclosure that the latter half of the urgent type connection option occurs in the same way as the scheduled manner. Ex. 1004, spec. 33:34-36.

Peterson discloses that during the scheduled type connection option illustrated in Figure 17, the portable computer submits transaction files that were accumulated throughout one day to the home office on a nightly basis. Ex. 1004, spec. 33:10-20. Peterson also discloses that for the scheduled manner of operation, the home office compiles and adjusts insurance information received from the previously scheduled nightly submission

sometime during the following day, and transmits such processed information back to the portable computer during the next scheduled nightly transmission. Ex. 1004, spec. 1:66-2:8, 12:39-43.

Peterson discloses that during the urgent type connection option illustrated in Figure 17, the portable computer immediately transmits a transaction file to the home office instead of holding the transaction file until the next scheduled nightly transmission. Ex. 1004, spec. 33:30-34. However, Peterson is not entirely clear about the adjustment and processing steps that occur when the home office receives the transaction file in the urgent type connection mode. Peterson only informs us that the latter half of the urgent type connection option occurs in the same way as the scheduled manner. Ex. 1004, spec. 33:34-36.

We do not agree with Liberty's contention that Peterson's urgent type connection option necessarily entails real-time adjustment and processing of insurance information. Liberty primarily argues that it would make no sense for the urgent type connection option to not be conducted in real-time. Pet. at 18. That argument is without merit because Liberty does not account for the fact that, even without real-time adjustment and processing, the urgent type connection option may work in a way that reduces the response time of the home office by a whole calendar day. For instance, note the following scenario:

- (1) a transaction file may be transmitted from the portable computer to the home office during an urgent type connection established at 10:00am;

- (2) the transaction file is then added to the collection of transaction files transmitted during the previous scheduled nightly transmission;
- (3) sometime during the day, the transaction file received at 10:00am is processed with the collection of transaction files received from the previous scheduled nightly transmission; and
- (4) all of the adjusted transaction files, which includes the transaction file received at 10:00am, are transmitted back to the portable computer during the next scheduled nightly transmission.

In the above-described scenario, the response time for the transaction file transmitted during the urgent type connection option is moved ahead one full calendar day than what it would be if the transaction file were held up and sent during the regularly scheduled nightly transmission. The corresponding result is still achieved using batch adjustment and processing of insurance information and does not entail real-time adjustment and processing of insurance information.

Finally, we are not persuaded by the corresponding declaration testimony of David Klausner. Pet. at 28 (citing to Ex. 1008). In the declaration, Mr. Klausner states:

In my opinion, Peterson would necessarily be understood by one of ordinary skill to disclose that the ‘urgent mode’ transmission of data from the portable computer, as well as the processing of data at the home office computer and re-transmission back to the portable computer, all happen in real-time. In my view, a person of ordinary skill would have understood that the “urgent mode” connection would run ‘urgently’ in real-time—*i.e.* without waiting for the home office computer to process the data at some later (non-urgent and non-real-) time.

Ex. 1008, ¶ 28. First, Mr. Klausner's testimony is conclusory because it does not explain why one with ordinary skill in the art would have understood that adjustment and processing of insurance information transmitted during the urgent type connection option must necessarily entail real-time adjustment and processing. Second, Mr. Klausner's testimony does not account for the scenario described above. It is simply not the case that Peterson's urgent type connection option makes no sense or is illogical unless the adjustment and processing of insurance information, once it is received, occurs in real-time. To the contrary, based on the scenario described above, it is more logical that adjustment and processing of the transaction file transmitted during the urgent type connection option does not occur in real-time because Peterson explicitly discloses that once the transaction file is received, adjustment and processing occurs in the same way as in the scheduled manner. Ex. 1004, spec. 33:34-36. Therefore, based on the record before us, Peterson's urgent type connection option does not properly account for the claimed "insurance policy adjustment module" feature and corresponding "real-time" adjustment aspect required by independent claim 1.

For the foregoing reasons, we conclude that Liberty's petition does not demonstrate that it is more likely than not that independent claim 1 of the '088 patent would have been anticipated by Peterson. For the same reasons, we conclude that Liberty's petition does not demonstrate that it is

more likely than not that claims 2, 3, 12, 13, 19-32, 34-42, and 44-46 of the '088 patent would have been anticipated by Peterson.

B. Remaining 35 U.S.C. § 103(a) Grounds of Unpatentability

Each of the remaining grounds of unpatentability alleged by Liberty is based in whole or in part on Peterson. In our discussion of the anticipation challenge alleged by Liberty, we determine that Liberty's reliance on the RemoteWare® version 3.1 software described in the RemoteWare® press release does not establish any inherent disclosure in Peterson, and that Peterson's urgent type connection option does not properly account for the claimed "insurance policy adjustment module" feature and corresponding "real-time" adjustment aspect required by independent claim 1. Therefore, for those same reasons, we conclude that Liberty's petition does not demonstrate that it is more likely than not that: (1) claims 1-46 of the '088 patent would have been unpatentable over Peterson; (2) claims 4-18, 44, and 46 of the '088 patent would have been unpatentable over the combination of Peterson and Chelliah; (3) claims 25, 26, and 44-46 of the '088 patent would have been unpatentable over the combination of Peterson and Tawil; and (4) claims 44 and 46 of the '088 patent would have been unpatentable over the combination of Peterson, Chelliah, and Tawil.

VI. RELATED PROCEEDING

Liberty also filed a petition requesting a covered business method patent review of claims 1-46 of the '088 patent in CBM2012-00010. In that proceeding, we have ordered the institution of a covered business method

patent review for claims 1-46 based on the following grounds of unpatentability:

- A. claims 1-8, 12-41, and 44-46 as unpatentable under 35 U.S.C. § 103(a) over NAIC;
- B. claims 4-11, 42, and 43 as unpatentable under 35 U.S.C. § 103(a) over the combination of NAIC and Lockwood.

VI. ORDER

It is **ORDERED** that pursuant to 35 U.S.C. § 324(a) and section 18(a) of the AIA, a covered business method patent review is hereby denied as to claims 1-46 of the '088 patent for the following grounds of unpatentability:

- A. claims 1-3, 12-13, 19-32, 34-42, and 44-46 as anticipated under 35 U.S.C. § 102 by Peterson;
- B. claims 1-46 as unpatentable under 35 U.S.C. § 103(a) over Peterson;
- C. claims 4-18, 44, and 46 as unpatentable under 35 U.S.C. § 103(a) over the combination of Peterson and Chelliah;
- D. claims 25, 26, and 44-46 under 35 as unpatentable under U.S.C. § 103(a) over the combination of Peterson and Tawil; and
- E. claims 44 and 46 as unpatentable under 35 U.S.C. § 103(a) over the combination of Peterson, Chelliah, and Tawil.

Case CBM2012-00011
U.S. Patent No. 7,124,088

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